



State of Delaware
Clean Water Advisory Council
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Minutes of the 95th Meeting

January 27, 2010

The Delaware Clean Water Advisory Council met Wednesday, January 27, 2010 at 9:00 a.m., at the Kent County Administrative Complex, 555 S. Bay Road in Dover in Conference Room 220.

MEMBERS PRESENT:

Joe Corrado, Chair
Jeff Bross, Vice Chair
Kevin Anderson
Lee Beetschen
Gary Burcham
Andy Burger
Joe Charma
Gene Dvornick
Andy Manus
Hans Medlarz
Bob Stickels

OTHERS PRESENT WERE:

Secretary Collin O'Mara, DNREC Secretary
Kathy Bunting-Howarth, DNREC/DWR Director
Terry Deputy, DNREC/Financial Assistance Branch
Daisy Lopez, DNREC/Financial Assistance Branch
Greg Pope, DNREC/Financial Assistance Branch
Reza Moqtaderi, DNREC/Financial Assistance Branch
Frank Paquette, DNREC/Financial Assistance Branch
Terry Martin, DNREC/Financial Assistance Branch
Davison Mwale, DNREC/Financial Assistance Branch
Bob Zimmerman, DNREC/Office of the Secretary
Jared Adkins, Kent Conservation District
Dan String, Green Stone Engineering
J. Powell, Towers Concrete
H. Mital, Tetra Tech
Bruce Patrick, Tidewater
Ed Holland, DPH/Office of Drinking Water
Don Henry, DPH/Office of Drinking Water
Elizabeth Horsey, Partnership for the Delaware Estuary
Deanna Campagnini, First State Community Action
Kathy Weldon, DNREC
Joe Farrell, University of Delaware
Rodney Wyatt, Artesian
Jon Husband, New Castle Conservation District

Stephanie Scola, Dept of Finance
Brian Kelly, DNREC/OCP
Hugo Dreibelbis, DelDOT
Jeff James, Sussex County
David McGuigan, George & Lynch
David Baker, Sussex County
Stan Mills, City of Rehoboth
Mike Svaby, New Castle County
Pam Sapko, DCH
David Athey, URS
Gerard Esposito, Tidewater

CALL TO ORDER

Meeting came to order at 9:05 am.

APPROVAL OF THE AGENDA

Motion made by Mr. Charma, seconded by Mr. Dvornick to approve the agenda. Agenda approved unanimously.

APPROVAL OF MINUTES – Council Meeting held on December 2, 2009

Motion made by Mr. Manus, seconded by Mr. Burger to approve the minutes. Motion passed unanimously.

CWAC UPDATES

Terry Martin rejoined the Financial Assistance Branch (FAB) on January 19th as an Engineer IV. Terry Martin was originally the Acting Administrator with FAB and previously an Engineer with the Department of Transportation.

Notices-of-Intent (NOI) were solicited for the 2010 CWSRF funding cycle on January 1st and are due by January 29th. FAB is doing something new with this year's NOI's by having applicants submit them electronically.

Proposals for the Statewide Assessment of Wastewater Facilities and Service Areas have been evaluated. The top three proposals were submitted by the following companies:

- Tetra Tech
- Hatch Mott MacDonald
- Whitman, Requardt, and Associates

Tetra Tech was the selected company and a follow-up meeting has been scheduled to discuss the RFP in detail and to negotiate the scope of service.

REPORTS

Administrators' Reports

- A. Wastewater
 - i. Project Updates

In the Johnson's Corner Sanitary Sewer District, all contracts were executed on 5/12/09 and 9/22/09 and the project has fully complied with the ARRA requirements for being under contract or in construction, contract 1 is 63% complete; Angola Neck Sanitary Sewer District executed contract 09-08 on 10/27/09 in excess of \$1.5 million ARRA loan. The project has fully complied with the ARRA requirements for being under contract or in construction. The contract notice to proceed was 12/31/09;

Woodlands of Millsboro Sanitary Sewer District contract 09-14 bid opening was on 12/17/09 – contract 1 bid for \$480,385; Inland Bays RWF Expansion contract 09-19 bid opening date was 12/11/09 – contract 1 bid for \$13.2 million.

ii. ARRA and Base CWSRF Municipal Loan Applications Status

A chart listing all the ARRA and Base CWSRF projects was presented to the Council. The chart indicates that the ARRA Municipal loans projects have completed a financial and environmental review; binding commitment letters have been completed or have been sent; and anticipated loan closing dates and construction start dates have been selected.

Green Project Reserve Projects

The Challenge Program was lined out on the chart. Mr. Deputy explained that due to their construction bid exceeding their loan for \$150,000 by \$70,000 the CWSRF ARRA Binding Commitment offer was going to be withdrawn, but the Challenge Program indicated that they only need an additional \$40,000 for a total of \$190,000. The Financial Assistance Branch stated that they could accommodate their request.

The Pine Ridge Mobile Home Park was also lined out on the chart and Mr. Deputy explained they could not comply with certain requirements so they will not move forward with their loan. The \$451,220 will go into the Fail-Safe Plan as of January 27.

It was asked if there would be principal forgiveness for the Challenge Program loan. It was stated that 50% of the loan would be principal forgiveness. In terms of their current Binding Commitment letter, the Challenge Program will pay off half of the loan when the project is completed.

iii. Green Project Funding Requests Due to Construction Bids

Due to construction bid below the New Castle Conservation District's engineering estimates for the Wilmington Silverbrook Run CSO project, a reduced CWSRF ARRA loan has been requested from \$1.4 million to \$1 million.

Two City of New Castle project bids for Buttonwood Dike and Stormwater Management Ponds exceeded their engineering estimates by \$446,081 and \$187,546 respectively. The Washing Park project bid was below the engineering estimate by \$245,500. The City of New Castle has requested a CWSRF ARRA loan increase of \$388,127 from \$1.3 million to \$1.7 million to move the project forward.

The Financial Assistance Branch recommends increasing the City of New Castle's CWSRF ARRA loan as requested.

ARRA Project Funding Fail-Safe Plan

All ARRA projects must be under contract and loans closed before February 17, 2010. To allow ARRA loan applicants the maximum possible time and FAB time to implement a contingency plan, all ARRA projects must be under contract and loans closed by February 8.

After February 8, Binding Commitment Letters for projects that have not closed will be withdrawn and no funding will be provided. Withdrawn ARRA funds will be offered to fund the Kent County Renewable Energy Park which has received construction bids and has been approved by EPA for ARRA funding.

Since the Pine Ridge Mobile Home Park project will not move forward there is an additional \$451,220. Based on the calculations there is an additional 440,000 from the New Castle Conservation District of which the City of New Castle needs \$388,000 and there are enough

funds to provide the Challenge Program with an additional \$40,000 in order to move their project forward. Instead of Kent County Renewable Energy Park receiving \$653,093 they will receive \$473,082.

It was asked if Kent County was okay with the reduced amount. Mr. Medlarz stated that he is okay with that amount.

Motion made by Mr. Burger, seconded by Mr. Manus to provide the Challenge Program an additional \$40,000 of existing loans to move the project forward. Motion passed unanimously.

Motion made by Mr. Dvornick, seconded by Mr. Charma to provide the City of New Castle an additional \$388,127 in construction ARRA funds to move the project forward. Motion passed unanimously.

The Council asked if a motion was needed for the Kent County project but it was stated that a motion was made at the last meeting. Chairman Corrado stated that he wanted a motion to reaffirm the motion made at the December meeting for the Kent County Renewable Energy Park since the amount was reduced.

Motion made by Mr. Manus, seconded by Mr. Beetschen to reaffirm funding for the Kent County Renewable Energy Park project. Motion passed with majority vote. Mr. Medlarz abstained from voting due to his involvement with the project.

Motion made by Mr. Dvornick, seconded by Mr. Burcham to accept funds previously allocated to New Castle Conservation District. Motion passed unanimously.

Projected CWSRF Projects On or Before March 31, 2010

There are \$86.7 million projected for CWSRF projects funded by March 31, 2010. \$34 million is for existing CWSRF funding; \$32.3 million in USDA co-funding which includes a \$9.3 million increase; \$18.5 million for ARRA projects that must be funded by February 17, 2010; and \$1.87 million for STAG Grant and Developer Contribution.

The \$9.3 million increase from USDA is a result of Sussex County. Sussex County was given funds for their Oak Orchard SSD project and the Inland Bays Regional WWT Expansion project. They held on to the money for approximately 10 months and decided to go with USDA which offers loans for 40 years. That prevented other projects from receiving the \$9.3 million. Other projects could have been funded with the \$9.3 million. Since a new funding cycle will begin soon, it is too late in the process to fund another project.

The Financial Assistance Branch is recommending that applicants be given 60 days, from the issuance date, to sign and return the Binding Commitment Letter. If the Binding Commitment letter does not get signed within those 60 days, the applicant must re-apply during the next CWSRF funding cycle.

The Council had a discussion on the timeframe for submitting the Binding Commitment. The Council felt that 60 days is too short of a timeframe. They felt that 90 to 120 days would be more appropriate.

Mr. Deputy expressed that the reason he chose 60 days is because of the time it takes for the application process. When an application is submitted, his staff has to conduct an environmental and a financial review before it is presented to the Council for funding approval.

Mr. Baker stated thanked the Council for support for all the funding that the Council has provided to Sussex County. He expressed that their plan was to fund 50% through the SRF program and 50% through USDA. At the time the USDA loan was at 4% interest rate. Since then USDA has dropped their interest rate from 4% to 2.5% so they decided to drop the SRF loan and go with the USDA loan at 2.5% for 40 years and by doing so they saved \$130,000 a year at \$59.00 a year for the new users with the Angola and Oak Orchard Expansion areas.

A suggestion was made to have the Department go out and quarry a few applicants and find out what they thought would be a reasonable time period to submit a Binding Commitment letter and report back to the Council.

A motion was made by Mr. Stickels, seconded by Mr. Dvornick to give applicants 120 days to submit the Binding Commitment Letter.

Mr. Deputy expressed that 120 days will not help if you get too far into the end of the year as it will not be enough time to process the next project on the Project Priority List because of the new funding cycle approaching and the time it takes to process.

It was stated that if a projects pulls out for funding, no matter how far you are into the year, it makes sense to just move down to the next project on the Project Priority List.

Mr. Stickels and Mr. Dvornick withdrew their motions and a new motion was made.

Motion made by Mr. Manus, seconded by Mr. Medlarz stating that any funds that become available would be applied to the next projects on the Project Priority List to the time that a new PPL is developed. Motion passed unanimously.

2% Base CWSRF Project Status

A chart showing the status of projects funded from the CWSRF account was presented to the Council. The chart shows that the process is completed for all projects and they are moving forward with the loan closing and all have received a construction start date. All projects will be under contract by March 31. The City of Harrington project has STAG involvement and requires EPA approval. It is anticipated that they will go to loan closing by April 15 with an anticipated construction date of May 15.

iv. Proposed Project List for Re-Allocated ARRA Funds

After February 17th, EPA will de-obligate uncommitted ARRA funds awarded to states. By March 1st they will award those funds to states that have met the ARRA deadline. EPA has asked for a list, by February 1st, of projects that could be under contract and loan agreements closed by June 17th for the reallocated ARRA funds. It is anticipated that we may receive \$6.5 million or less; that amount may fluctuate depending on the money received from other states. The requirements remain the same where 50% will be principal forgiveness and 20% will be for Green Projects.

FAB is proposing to consider funding previously Green Projects that were not funded. A list was given to the Council of the projects that were not previously funded. An extensive list will be given to EPA for their approval. There is concern that some of the projects submitted for funding are not as worthy as the ones that that have been selected for funding. The list of projects that will be given to EPA are fundable projects. It was asked if new projects could be solicited. It was stated that if a new project is added, the Project Priority List would have to be amended prior to closing that particular project.

If additional funding is awarded to fund more Green Projects, once EPA approves the projects for funding, the list will be presented to the Council and they can pick which projects to select for funding.

B. Financial Reports

i. Non-Federal Administrative Account Update

A chart showing the Non-Federal Administrative Account was presented to the Council. The chart shows the Investment Interest; the Administrative fee for projects; planning and design RLF repayment; current uses of funds; and new uses of funds for FY 2009 through FY 2015. Total Non-Federal Administrative Fund Cumulative balance is \$9.1 million.

ii. Cash Flow Model

The Financial Report was presented to the Council for the month ending December 2009. The difference between the obligated funds and disbursed funds from a cash flow perspective is the average municipal wastewater projects take, which could be at least 2 to 3 years, to complete construction. Obligated funds reflects the money committed to wastewater projects while disbursed funds represent actual money that has been spent for projects.

Actual funds available for Capitalization Grants-State Match-Admin; SRF and NPS loan repayments; and investment interest are \$245 million; available balance for approved loan dollars for 42 Municipal loans and NPS loans are \$33.8 in obligated funds and \$69.4 in disbursement funds; there are \$6.8 million projected from January 1 through June 30 for SRF loan repayments and investment interest. There is a pending FY 10 Capitalization Grant and State Match of \$10 million that is not included on the chart that will be awarded in October 2010. The cumulative balance available for loans in disbursements funds is \$64.3 million.

iii. 21st Century Fund Account

21st Century Fund report was presented for the month ending December 2009. In the Infrastructure Planning Account there is \$0; in the Wastewater Management Account there are \$3.45 million. There is \$541,902 in project grant that was returned from completed projects and \$2.0 million from Kent County – Hartly project. In the Clean Water State Match there is \$0. There is a total of \$2.0 million available in the 21st Century Fund.

iv. Fees Charged by other States, Maryland Flush Tax, POTW Wastewater Flows (GPD)

Fees Charged by other States

At the last meeting the Council asked Mr. Deputy to investigate what other states are doing regarding their fees. The following questions were sent to the Council of Infrastructure Financing Authorities (CIFA) member states:

- Are fees charged by your State to fund grant and loan programs for wastewater and stormwater projects that do not include the CWSRF and DWSRF programs?
- If so, what type of fee is it and how is it administered? Who assesses the fee and who collects the fee revenue?

They were asked to provide examples of the type of grants and loans funded from their fee revenues. Most states don't charge a fee and do the same with their Non-Federal Administrative Accounts where they put a fee to provide for their program administration. In some cases they may charge a fee for planning and design loans.

It was stated that 4 States, Virginia; Georgia; Ohio; and Colorado have local stormwater utility programs operating at the City Municipal levels that do fund their stormwater needs throughout the state.

Maryland Flush Tax

According to the Community Financing for Septic System Management in the Inland Bays Watershed White Paper report, handed out to the Council, the Maryland Flush Tax is an example of a state-wide fee being collected to support nutrient loading reductions from both central and onsite systems.

In May of 2004, Senate Bill 320 was signed into law creating the Chesapeake and Atlantic Coastal Bays Restoration fund. Under that law, a fee of \$30 per year (\$2.50 per month) is charged for existing wastewater system users and generates \$65 million per year and a septic fee of \$30 per year is charged and generates \$12.6 million per year from septic system owners.

Collections from wastewater users are applied toward installation of enhanced nutrient removal technologies in 66 wastewater treatment facilities, while the collections from the septic system owners are applied to the grant programs to support installation of nutrient reducing technologies of septic systems in sensitive areas as well as planting of cover crops on agricultural lands.

POTW Wastewater Flows (GPD)

According to the Community Financing for Septic System Management in the Inland Bays Watershed White Paper Report dated January 2008 which was prepared by the Environmental Finance Center the chart below shows an estimate of Annual Revenues if a General Septic Fee would be charged in Delaware:

Area	No. of Septic Systems	Annual Fees			
		\$10	\$20	\$30	\$40
Watershed	18,430	\$189,430	\$378,860	\$568,290	\$757,720
County	49,869	\$498,690	\$997,380	\$1,496,070	\$1,994,760
State	94,466	\$944,660	\$1,889,320	\$2,833,980	\$3,778,640

The Chairman had also asked Mr. Deputy to look at the Wastewater Treatment Plants in terms of their ability flows. Delaware POTW Design permitted average flows is 164 gallons per day (GPD).

Chairman Corrado stated that he did a calculation on that number and if \$.02 per 100 gallons were charged for wastewater flows, it would generate \$12 million a year that can be used to fund projects. He also stated that in speaking with the Governor and the General Assembly it has been stated that there will be no new taxes this year.

He also stated that the Council, at some point, should submit a letter to the Governor and the General Assembly asking them to consider some kind of fee charge. Given that 21st Century funds are no longer received and that the Council is being asked to fund additional expenses, i.e. staff salaries, matching funds, etc, and the added responsibility of Surface Water Management, it would be reasonable for the Council to generate funds without going through the General Assembly to fund projects.

Mr. Manus stated that if a team is selected to draft a letter, he would like to serve on that team. It was also stated that all waste disposal systems including septic should be considered to make it equitable for all users throughout the state.

Chairman Corrado recognized Secretary Collin O'Mara.

C. Surface Water

It was requested at the December Council meeting that a copy of the Public Policy Dialogue Report be provided to the Council Members and it may be necessary to revisit some the recommendations. It was reported that there are some innovative options in Wastewater to create funding for Surface Water out of the Wastewater funds because of the reduction in I & I they are experiencing in their systems.

Mr. Piorko has been assisting in the project reviews for the ARRA Green projects and close to completing the process and a report on the Community Water Quality Grants, which is on the agenda, will be discussed in this meeting.

SUBCOMMITTEES' REPORTS

A. Wastewater

The Wastewater Subcommittee has integrated with the Beneficial Reuse Subcommittee and they have reached a consensus on a draft outline report. They have written comments from the Delaware Geological Survey that will be reviewed by the committee and the committee will have a layout report at the next meeting.

B. Surface Water Management

The Surface Water Management Subcommittee did not meet and does not have a report. Chairman Corrado stated a year ago he had a discussion with the Bond Bill Committee and he suggested to the Committee that the Council would look at the Stormwater Projects and develop a Project Priority List similar to the one that has been set up for the Wastewater Projects.

Chairman Corrado suggested to the Secretary that a proposal be prepared and submitted to the Governor and the General Assembly asking to generate a Project Priority List. He asked Mr. Bross to prepare the proposal for submittal before the Legislators begin discussing and reviewing the budget process. It was also requested that the Surface Water Subcommittee look at non-point source TMDLs to see if there is a way to integrate stormwater activity into those TMDLs which will increase their score.

C. Public Outreach

The last quarter Newsletter was circulated and distributed in December. The Public Outreach Subcommittee has not had a meeting since. An article on a Millsboro project, funded by the Council, has been received for inclusion in the next Newsletter and Mr. Manus is asking if anyone has an article or a topic they would like included in the Newsletter to let him know.

D. Forestland Conservation

This item will be discussed under the Forestland Conservation Easement Proposal agenda item #10.

E. Finance

The Finance Subcommittee has had meetings and most of the discussion topics were discussed under the Administrator's Report and the Financial Report. The one item that hasn't been discussed is the option of leveraging funds. When considering looking for additional funding you can't just consider users with public sewers but look at users with septic systems as well. In terms of Surface Water, there needs to be more consideration in looking toward utilities for surface water funding.

OLD BUSINESS

City of Rehoboth Beach Wastewater Project Educational Workshop

At the December meeting there was discussion on having an Educational Workshop to discuss the City of Rehoboth Beach project. They will be submitting an NOI for funding and the Council discussed having a workshop prior to receiving the Project Priority List. It was stated that the Council decided not to have a workshop.

Identifying Potential Sites in Delaware for Slow Rate Land Application of Wastewater – Proposal Status

There have been substantial discussions internally regarding whether or not to pursue the proposal with a sole source or to go out for a Request for Proposal (RFP). The Council agreed that it should be a sole source and that the University of Delaware would be the best agency to conduct the study, however there is concern of the cost to complete this project. The cost for the study is projected to be around \$78,000. There has been discussion with the University of Delaware to see if they can come down on the cost and at first they said they could but because of the mandatory overheads.

Chairman Corrado stated that the Council has generated a relationship with the University of Delaware. He also stated that a report generated by the University of Delaware would weigh higher than a report from a third party. Since the Council is exploring Beneficial Reuse, the University of Delaware has the best skills to identify those areas where treated wastewater can be beneficially reused.

It was suggested to ask the County Governments if they want to cost-share on funding the project since it benefits all counties. It was stated that there is money in the Non-Federal Administrative account to fund the project but budgetary approval is needed.

Motion made by Mr. Bross, seconded by Mr. Dvornick to move forward on the study and submit a letter, stating that they will seek cost-sharing with the Counties, to the Secretary and also ask that the Secretary attempt to ask the University of Delaware if they can come down on the cost. Motion passed unanimously.

NEW BUSINESS

Community Water Quality Improvement Grant Awards

The Council allocated \$500,000 to communities that can not afford a loan through the CWSRF program. This money is available for grants for water quality improvements of watersheds. The ranking committee consisted of Andy Manus, CWAC Member; John Schneider, DNREC/Watershed Assessment; Frank Piorko, DNREC/Soil and Water; and Bob Palmer, Non-Point Source Program. The committee reviewed 19 applications received

After a detailed review of the grant applications, the committee had a number of questions related to the proposed project requests. The committee will invite the applicants to give a presentation and answer questions related to their proposed projects. The committee will make recommendations for grant project funding at the next Council meeting.

It was asked if the total of projects exceeded the \$500,000. It was stated that they do exceed the allocated amount.

Forestland Conservation Easement Proposal

Mr. Manus thanked the Subcommittee members. He also thanked the CWAC Chair for creating the Subcommittee in June. He acknowledged the work of Kevin Anderson, CWAC Member; Austin Short, DDA State Forester; Terry Deputy, FAB Administrator; and Douglas Simpson, Forestland owner.

At the last meeting Mr. Manus offered to meet with the other Subcommittees, Mr. Burger took him up on that offer and had a good discussion with the Finance Subcommittee regarding the proposal that is being presented to the Council.

This topic was introduced in June 2009 with the question, “Why Forestland Conservation Easement”. The committee recognized that protection through easements is much cheaper than restoration; you can’t pipe, plumb and stormwater retrofit the entire state; easements can be strategically negotiated in targeted watersheds; they can be designed to protect water quality; they fit with the Markell Administration’s desire to recognize the value of and protect the ecological services. The Subcommittee recognized during deliberations that this is a project that has the potential to break down water silos and leverage existing programs throughout the state.

Accomplishments of the Subcommittee that have been completed are:

- Appoint a Chair of the working group and suggest members;
- Review similar EPA approval programs in other states;
- Assess the applicability of the Delaware Department of Agriculture Forestland program as a mechanism to secure such easements;
- Investigate and recommend potential sources of funding: A summarized briefing memorandum of their findings was given to the Council.

The Subcommittee has found that it is cheaper to protect high quality functioning systems now than restore damaged natural systems later; that DDA has a proven track record of using conservation easements to protect forestlands at significant discounts; that EPA endorses this type of program through their SRF programs to use forestland conservation easements to protect and maintain water quality in watersheds; and that Secretary O’Mara is looking for solutions to protect and maintain water quality in watershed and DDA has one ready that can be used. Mr. Manus is available to answer any questions the Council may have on the report submitted.

Motion made by Mr. Anderson, seconded by Mr. Bross to accept the briefing memorandum report on Forestland Conservation Easements dated January 25, 2010. Motion passed unanimously.

Motion made by Mr. Anderson, seconded by Mr. Charma to set aside a \$1 million loan from the CWSRF for the purchase of forestland conservation easements, the debt service for which would be paid by the Non-Federal Administrative Account on terms to be developed and approved by both the Council and the Secretary and that the non-point source set-aside of the CWSRF be increased by \$1 million to fund forestland conservation easement loans to interested counties, municipalities and NGOs.

Mr. Manus broke down the mechanics behind the motion and stated that the first part of the motion is proposed to fund the loan debt service for the loan program with a new line item that will be included in the Non-Federal Administrative Account.

The additional CWSRF Forestland Conservation Easement loans will be evaluated annually based on the ability of the Non-Federal Administration Account to fund new loan debt service.

The second part of the motion proposes that the debt service payments for the CWSRF loans would be

paid by the borrowers. The CWSRF NPS set-aside account currently set at \$1.5 million should be increased to \$2.0 million.

It was asked if this project would require adding staff. It was stated that new staff will not be added. DNREC and DDA staff are well qualified to work on this project. Mr. Manus stated that the process was tested with the Department of Agriculture program and it was accomplished successfully and that working with the staff at DDA on selecting easements that for water quality could be achieved.

The Department of Agriculture goes through a vigorous ranking of projects to determine which ones meet their criteria. It was asked who would hold the easements and it was stated that the Department of Agriculture Foundation would hold them.

There was confusion as to who would pay back the loans and it was explained that there are three options listed in the memo and it option lists how it will be paid back.

The Council decided to table this item to allow the Financial Assistance Branch time to review the financial aspects of the proposal and to give the Council time to digest it and the Council will vote on it at the next meeting.

Motion made by Mr. Bross, seconded by Mr. Charma to table the second motion until the next meeting. Motion passed unanimously.

DNREC/Dept of Finance Joint Review of Options for SRF Growth

Ms. Stephanie Scola from the Department of Finance stated that she met with Secretary O'Mara and recently with Secretary Cook to revisit this leveraging issue. Leveraging has been in the budget epilogue language since Fiscal Year 2008. It was initiated from dialogue on financing Wastewater and Stormwater Infrastructure focused on funding sources for wastewater and stormwater.

Two years ago, the Department of Finance presented leveraging to the Council of a review of existing Clean Water portfolio which determined there was material capacity available for leveraging at \$500 million over a period of 5 years. At the time it was determined that there wasn't sufficient amount of demand for leveraging. There is now an extensive list of ARRA projects that could possibly benefit from leveraging.

The current objectives are to revisit the ARRA funding requests; exam with the Council, the potential use of other funding sources to take advantage of cross-collateralization such as Brownfield; energy; beach replenishment; land and water conservation trust; open space; and drinking water; review programs of other states to determine models Delaware may want to emulate; incorporate the Administration's goal of seeking administrative efficiencies; and develop a strategic business model. In reviewing the programs of other states, most of the information they have is from the New Jersey model because they had more information available on their program.

If DNREC and Department of Finance partner on leveraging, the finance roles will be to develop legal framework; determine program structure; obtain and maintain credit ratings; maintain debt service and reserve accounts; coordinate loan closing; disburse bond proceeds and maintain compliance reporting. The agency roles would be to solicit loan applications; determine project eligibility; determine loan amounts; authorize loan term and interest rate; monitor project construction; approve loan disbursement requests; and ensure program compliance.

It was asked what the timeframe would be to implement this program. It was stated that once it is determined that there is a demand for leveraging, it could take 9 – 12 months to implement. It was stated that the \$500 million doesn't have to be leverage in total; you can leverage \$25 million.

The Council determined that leverage should be considered if there is a demand and if there will be takers.

PUBLIC COMMENT

Secretary O'Mara thanked everyone for working with the Council. The work of the Council and staff is the most important work in the State of Delaware. He stated that the main goal is to leave a legacy of cleaner water and treated water for wastewater, surface water, drinking water etc. If these things are not accomplished now, 30 or 40 years from now the legacy is going to be disastrous. The State is currently facing financial challenges. There are many good ideas and creativity to accomplish the goals of DNREC. There is good work being done on the Spray Irrigation projects. He talked about some of the goals for looking at mechanism models; drinking water; looking at ideas from other counties; looking at being careful how the funds are used; and looking at projects that can create more jobs. He thanked the Council for doing a good job.

GOOD OF THE COUNCIL

None

Future CWAC Meeting Dates

Future Council Meeting dates are scheduled for February 17, March 17, April 21, May 19, June 16, July 21, August 18, September 15, October 20, November 17 and December 15. All meetings are from 9 am – 12 pm.

ADJOURNMENT

A motion was made by Mr. Manus, seconded by Mr. Burger to adjourn the meeting. The meeting adjourned at 11:30 am.